

October/November 2021 Kontos Kommentary

Current Used Vehicle Market Conditions

Summary

Wholesale prices rose to a new monthly record above \$16,000 in October and have continued to exceed that threshold well into November. The average price of a vehicle sold at physical auctions is now more than \$5,000 higher than this same time in pre-pandemic 2019.

In addition to tight used vehicle supply and lack of new vehicle inventory due to the chip shortage, wholesale used vehicle values have benefitted from strong demand from rental companies that lack availability of new vehicles to place into fleet service.

Retail used vehicle sales improved in October, but CPO sales softened — perhaps due to late-model used vehicle supply limitations.

Details

According to KAR Global Analytical Services' monthly analysis of wholesale used vehicle prices by vehicle model class, wholesale prices in October averaged \$16,318 — up 5.0% compared to September, up 30.4% relative to October 2020, and up 46.5% compared to pre-COVID/October 2019 as seen in the table below.

Wholesale Used Vehicle Price Trends

	Average Prices (\$/Unit)				Latest Month Versus:		
	Oct-21	Sep-21	Oct-20	Oct-19	Prior Month	Prior Year	Two Yrs Prior
Total All Vehicles	\$16,318	\$15,546	\$12,511	\$11,136	5.0%	30.4%	46.5%
Total Cars	\$12,311	\$11,825	\$9,047	\$8,304	4.1%	36.1%	48.3%
Compact Car	\$8,689	\$8,598	\$6,591	\$6,248	1.1%	31.8%	39.1%
Midsize Car	\$10,312	\$9,822	\$7,565	\$7,093	5.0%	36.3%	45.4%
Fullsize Car	\$10,876	\$10,430	\$8,335	\$7,734	4.3%	30.5%	40.6%
Luxury Car	\$19,266	\$18,429	\$14,793	\$13,134	4.5%	30.2%	46.7%
Sporty Car	\$23,115	\$22,776	\$16,839	\$13,769	1.5%	37.3%	67.9%
Total Trucks	\$18,933	\$18,015	\$14,974	\$13,224	5.1%	26.4%	43.2%
Mini Van	\$11,901	\$11,445	\$8,291	\$7,900	4.0%	43.5%	50.6%
Fullsize Van	\$22,869	\$20,659	\$13,224	\$13,102	10.7%	72.9%	74.5%
Compact SUV/CUV	\$14,141	\$13,721	\$10,883	\$10,917	3.1%	29.9%	29.5%
Midsize SUV/CUV	\$16,871	\$15,921	\$13,529	\$11,702	6.0%	24.7%	44.2%
Fullsize SUV/CUV	\$23,999	\$22,087	\$16,198	\$14,847	8.7%	48.2%	61.6%
Luxury SUV/CUV	\$28,265	\$26,856	\$20,905	\$18,492	5.2%	35.2%	52.8%
Compact Pickup	\$17,377	\$17,596	\$14,327	\$10,917	-1.2%	21.3%	59.2%
Fullsize Pickup	\$22,332	\$21,705	\$20,632	\$16,300	2.9%	8.2%	37.0%

Prices rose for all model classes except compact pickups, which had a modest decline from high levels.

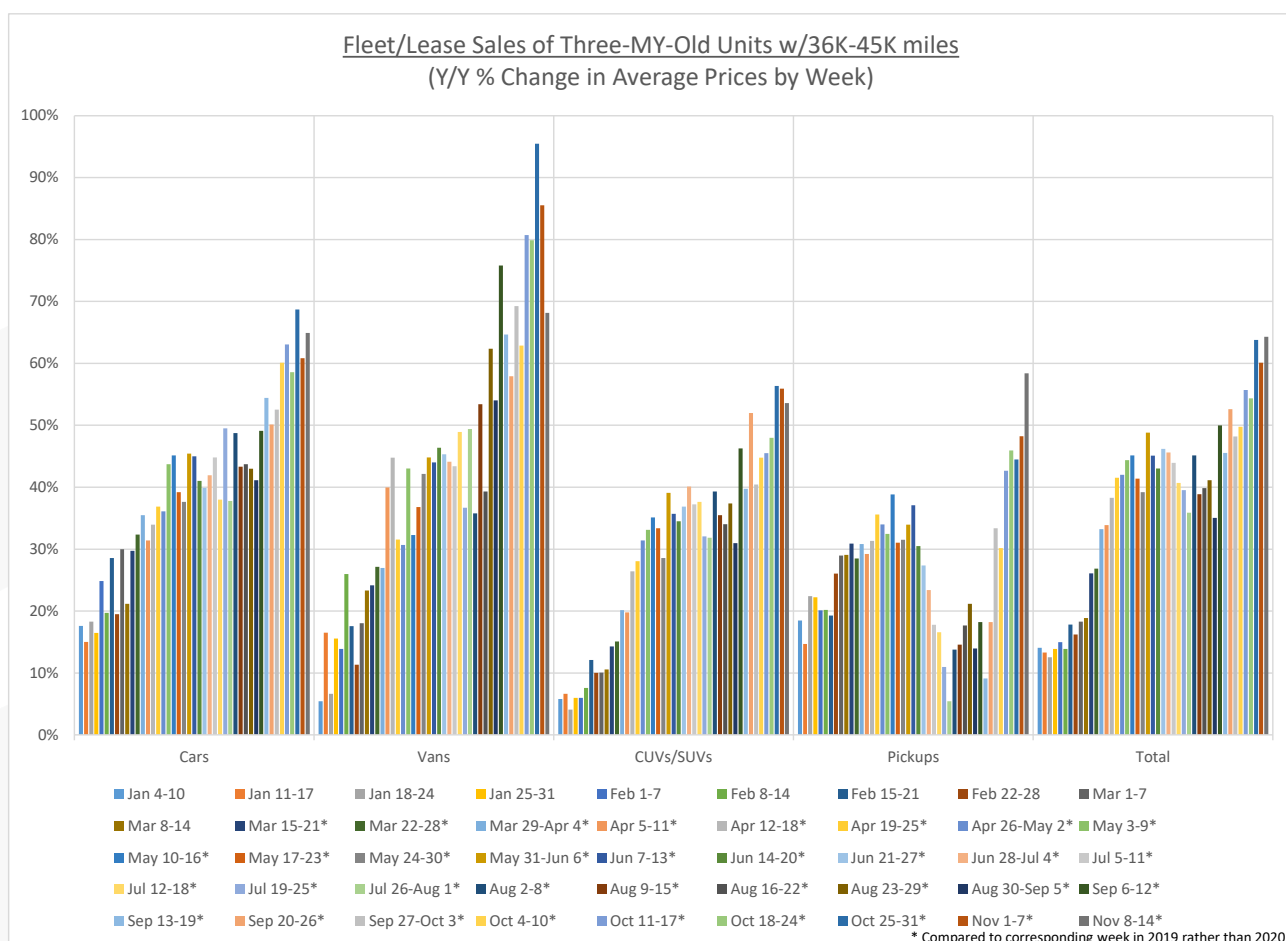
When holding constant for sale type, model-year-age, mileage, and model class segment — using criteria that characterize off-lease units — prices in October were up versus 2020 and 2019 even more dramatically for midsize cars than for midsize SUV/CUVs, as seen in the following table:



Fleet/Lease Sales of Three-MY-Old Units w/36K-45K miles

Model Class	Average Prices			Y/Y % Variance	
	Oct-21	Oct-20	Oct-19	vs 2020	vs 2019
Midsize Car	\$19,900	\$12,803	\$11,698	55.4%	70.1%
Midsize SUV/CUV	\$30,871	\$21,746	\$20,047	42.0%	54.0%

The following graph shows trends in average prices by major vehicle type and in total by week through November 14 using the same criteria:



Overall average prices are now more than 60% above pre-COVID averages for this select group of vehicles.

Based on NADA data, retail used vehicle sales by franchised and independent dealers in October were up 3.5% month-over-month and up 0.5% year-over-year. Year-to-date through October, sales are up 9.6% versus 2020 and up 1.5% compared to 2019/pre-pandemic levels.

October CPO sales were down 4.9% from the prior month and down 7.2% versus last year, according to figures from Autodata. On a year-to-date basis through October, CPO sales are up 8.5% compared to last year and up 1.8% versus 2019.



Source: Analysis is based on over seven million annual sales transactions from over 250 of the largest U.S. wholesale auto auctions, including those of ADESA as well as other auction companies. KAR Global Analytical Services segregates these transactions to study trends by vehicle model class, sale type, model year, etc.

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